

# **FY 99 DCMC BUSINESS PLAN**

## **TABLE OF CONTENTS**

PART A – FOREWORD ..... A-1

PART B - DCMC LONG-RANGE PLAN .....  
B-1

PART C - FY 99 DCMC PERFORMANCE PLAN .....  
C-1

PART D - FY 99 BUDGET FORMULATION GUIDANCE ..... D-1

## **FY 99 DCMC BUSINESS PLAN**

### **PART A – FOREWORD**

#### **What's Driving the Need for Change?**

Several external influences are driving the need for change not only in the Department of Defense (DoD) but in the Federal government as a whole. Some of those influences are summarized below:

- *National Performance Review (NPR)*: President Clinton and the Congress are changing the way the Federal government works. Recently enacted Federal statutes—and similar ones in states throughout the country—have become a driving force behind government-wide changes aimed at letting the public know what government is trying to accomplish with the tax dollars being spent, and then reporting on how well these programs are doing. The four major Federal statutes designed to improve accountability for results—as envisioned by the NPR—include the Government Performance and Results Act (GPRA), the Chief Financial Officers (CFO) Act, the Government Management Reform Act, and the Information Technology Reform Act of 1996.
- *Government Performance and Results Act of 1993*: The GPRA provides the foundation for strengthening agency efforts to use strategic planning and performance measurement to improve results. It is transforming how the Federal government is managed. GPRA requires Federal agencies to prepare: (1) strategic plans that define an agency's mission and long-term general goals, (2) annual performance plans containing specific targets, and (3) annual reports comparing actual performance to the targets set in the annual performance plan.
- *Revolution in Business Affairs (RBA)*: The Under Secretary of Defense (Acquisition and Technology) is a strong advocate of the RBA. Exploiting the benefits of the RBA is critical to ensuring the Department is able to balance its available resources against the need to modernize its forces. Key reengineering initiatives include shortening cycle times, particularly for the procurement of mature systems; enhancing program stability; conserving scarce resources; ensuring that acquired capabilities support mission outcomes; ensuring that critical infrastructures deliver the right services for the right users at the right time; increasing efficiencies; and ensuring management focus on core competencies, while freeing resources for investment in high-priority areas.
- *DLA/DMC Performance Contract*: Beginning in FY 99, DLA is required to enter into a Performance Contract with the Defense Management Council (DMC). The purpose of this contract is to articulate expectations for DLA's performance during a given fiscal year.

## **Link to Unit Cost Management**

During FY 99 DCMC will implement Unit Cost Management. The aim of unit cost is to relate total cost to the work or output produced. This requires us to alter the way we think and work and change the way we manage. DCMC has pledged to provide increasing quality at decreasing cost—achieving better value for each Defense dollar spent. The unit cost methodology will help us attain this result by identifying and reporting all costs as they relate to outputs.

## **Accountability--Management Reviews**

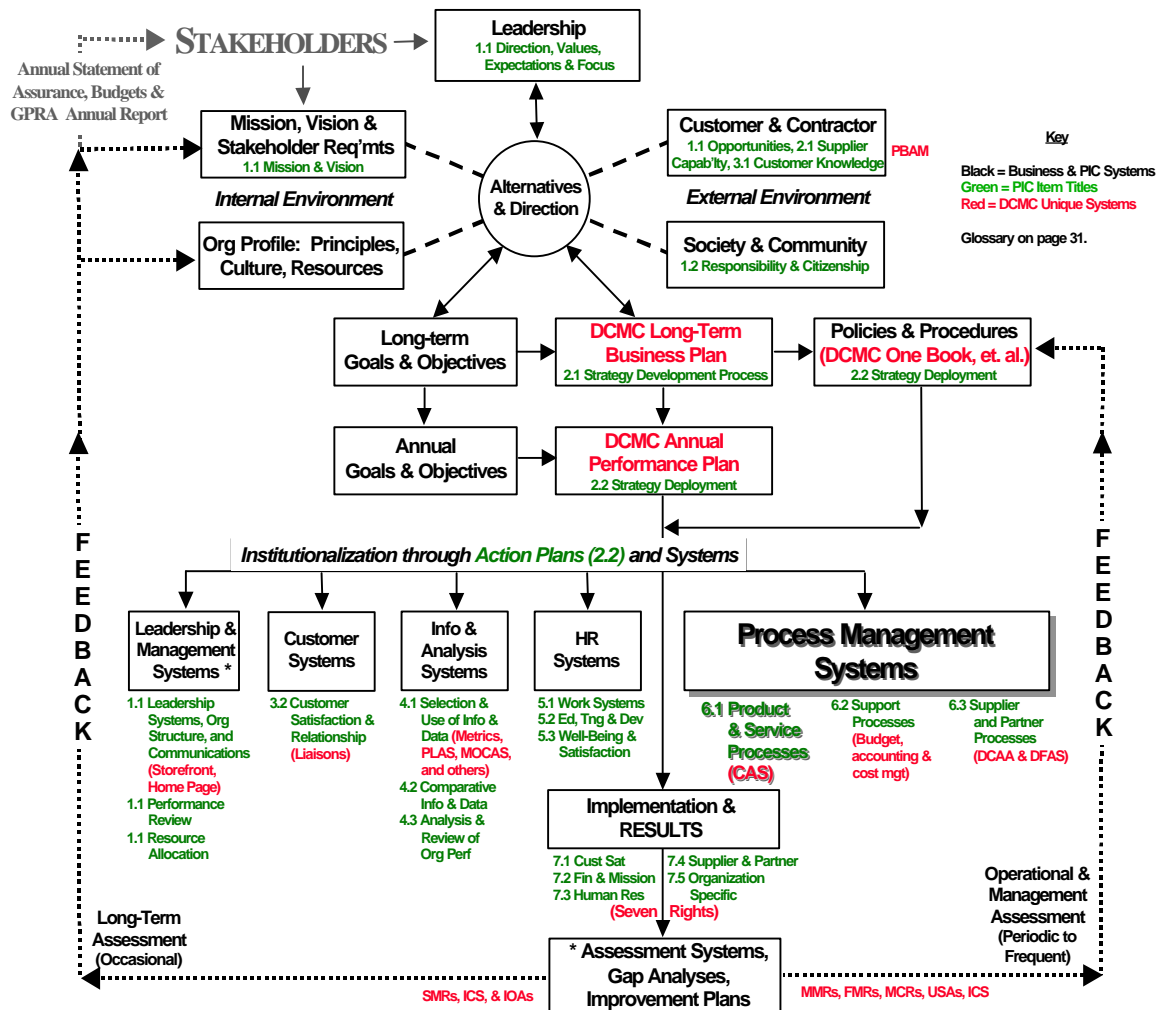
The DCMC Management Review process is our vehicle for assessing organizational performance, performance improvement, and resource management status. The process consists of three types of reviews that are conducted on a quarterly cycle:

- *Mission Management Reviews (MMRs)*: MMRs are conducted at Headquarters DCMC, the Districts, and the CAOs; they assess mission performance against the current DCMC Performance Plan.
- *Financial Management Reviews (FMRs)*: FMRs, which are conducted at Headquarters DCMC, assess financial, unit cost, and resource management performance indicators.
- *Special Management Reviews (SMRs)*: SMRs, also conducted at Headquarters DCMC, assess topics requiring special management attention and review the status of the Headquarters implementation plans that support the DCMC Performance Plan.

## **DCMC Criteria Model—A Process Perspective**

The DCMC Criteria Model depicted on the following page was extracted from the DCMC Criteria for Performance Excellence Supplement prepared by the DCMC Assessment Center. The Model provides a logical flow for decisions, planning, and actions taken to achieve organizational objectives, and the Model accommodates multiple stakeholder requirements such as GPRA, PPBS, the DoD Management Control Program, and DLA corporate guidance. Additionally, the Model reflects DCMC's operating environment and provides an integrating process for DCMC's customer and stakeholder requirements, long-term planning, performance goals, policy and procedures, resource allocation, organization structure, information systems, human resources and process management, and assessment processes.

Use of the Criteria Model at DCMC Headquarters facilitates deployment of integrated policies, processes, “tools,” and training at all levels of the organization. At District and CAO levels the Model provides a framework for optimizing individual customer focus, process implementation, risk-based surveillance and performance results.



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### **PART B - DCMC LONG-RANGE PLAN**

The DCMC Long-Range Plan contains the Command's mission, vision, goals, and objectives. It reiterates the DLA values which DCMC embraces and contains an assessment of DCMC's future operating environment. In accordance with the GPRA, it also includes a description of the program evaluation methodology used by DCMC.

#### **DCMC Mission**

Provide customer-focused contract management services--throughout the acquisition life cycle--around the clock, around the world.

#### **DCMC Vision**

DCMC people, teaming to provide world class contract management services--now and into the 21st century.

#### **DCMC Goals and Objectives**

Goal 1: Deliver great customer service.

Objective 1.1: Provide the right item at the right time for the right price.

Objective 1.2: Team with our business partners to achieve customer results.

Goal 2: Lead the way to efficient and effective business processes.

Objective 2.1: Serve as a catalyst for the revolution in business affairs.

Objective 2.2: Accelerate acquisition reform by applying commercial processes and practices.

Objective 2.3: Leverage information technology to improve business results.

Goal 3: Enable DCMC people to excel.

Objective 3.1: Invest to develop and sustain the right talent.

Objective 3.2: Build and maintain a positive work environment.

## **DCMC/DLA Values**

- People
- Service
- Excellence
- Integrity
- Innovation

## **Environmental Assessment**

The Department of Defense (DoD) logistics system will be dramatically transformed over the next few years as DoD strives to modernize its forces while the DoD budget remains relatively level. Dollars will be generated by shifting large shares of DoD's resources from the support and infrastructure area (which now takes more than 65% of DoD's total dollars) into the combat and modernization area. To accomplish this, DoD will engage in a revolution in the way it does business. DoD will no longer be held back by a burdensome infrastructure and outdated business and acquisition practices. Like private industry, DoD will restructure and downsize to meet the future challenges facing the U.S. military and national security. DoD will realize the promise inherent in the revolution in military affairs by embracing the revolution in business affairs. To do this, DoD will:

(1) Adopt modern business and commercial practices in order to improve performance and cut costs.

(2) Consolidate and streamline.

(3) Embrace competitive market strategies to fully implement Joint Vision 2010's concept of "focused logistics" to project power with the most capable forces, at the decisive time and place. The Military Services and the Commanders in Chief (CINCs) will demand rapid, flexible responsiveness.

(4) Eliminate or reduce excess support structures.

Initiatives in these four areas will free up badly needed funds for modernization, while simultaneously improving DoD's logistics performance. To achieve DoD's goal of "focused logistics," fundamental changes in DoD's acquisition practices will occur:

(1) Acquisition reform initiatives will be fully implemented and additional initiatives will be added. Use of commercial practices will increase; there will be more competitive sourcing of current in-house work and greatly expanded purchase of common-use, commercially available items.

(2) Civilian/military industrial integration will increase, expanding the partnership with commercial industry. Civilian/military integration in the acquisition process—including logistics—will be the key to the success of such a partnership. DoD will take full advantage of the commercial information technology revolution, specifically as it applies to efforts to modernize DoD's logistics support network. Industry will seek higher leverage and more business within targeted Defense sectors. Consolidation will be focused on subcontractors and smaller prime contractors resulting in more vertical integration.

(3) DoD's resources will be shifted from support to modernization and combat. By reducing support and infrastructure costs, more of DoD's limited funds will be available for modernization and deployment of new systems and subsystems. Two more rounds of base closures are a key element of this resource shift.

(4) DoD's logistics system will be totally reengineered. Advanced information systems and rapid transportation are keys to DoD's success in this area. The technological revolution is transforming advanced industry-based economies into information-based economies that will affect a revolution in military affairs. Use of Electronic Commerce/Electronic Data Exchange (EC/EDI) and Internet will increase and a more technologically competent staff is required. Government designed and maintained systems will shift to Commercial Off-The-Shelf (COTS) systems.

(5) DoD's acquisition workforce will be trained and educated to meet the demands of this massive reengineering effort.

In response, DCMC will minimize the size of its organic "footprint." More decision making and management/budget controls will gravitate to the field, reducing a number of headquarters operating rules. There will be an extremely competitive marketplace for attracting employees with the types of skills desired for and offered by the DCMC workforce. DCMC will create a flexible and proactive workforce development program to provide new skills to increase multi-functionality in the workforce and rapid, flexible solutions to logistics problems. Cooperative labor management partnerships will increase.

A major catalyst to overcoming the barriers to implementation of logistics reform and a major catalyst to DoD's transformation strategy will be the development of specific action plans to meet DoD's goals and having the metrics to guide DoD's progress.

## **Program Evaluation**

Since the FY 94 Business Plan DCMC has been striving to identify the best measures for our programs. Throughout DCMC today, more employees understand and are able to distinguish between program outcome measures which mark progress toward our goals and objectives and the input/output measures necessary for daily management of our functional operations. We are weighing the value of our programs in both dollars and performance across our projected six-year budget (present year plus five years) in the DoD Program Objectives Memorandum (POM) preparation process. In DCMC's POM briefs, we defend our programs and quantify the financial impact of specific initiatives across the POM years. Programmatic measures are reviewed during the POM and Budget Execution Submission (BES) processes and monitored during budget execution and management reviews. Additionally, performance is tracked during quarterly management reviews against target levels set annually in the DCMC Performance Plan. Feedback is provided on progress toward specific targets. Baselines and performance trends are evaluated to set future years' goals and performance targets and to recognize opportunities ripe for reengineering, cost saving, and potential efficiencies.